

110TH CONGRESS
2D SESSION

S. 3372

To promote savings by providing a match for eligible taxpayers who contribute to savings products and to facilitate taxpayers receiving this match and open a bank account when they file their Federal income tax returns.

IN THE SENATE OF THE UNITED STATES

JULY 31, 2008

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To promote savings by providing a match for eligible taxpayers who contribute to savings products and to facilitate taxpayers receiving this match and open a bank account when they file their Federal income tax returns.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Saver’s Bonus Act of
5 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) According to the Department of Commerce,
 2 Americans are currently saving less than 1 percent
 3 of their disposable income.

4 (2) According to the Federal Reserve’s 2004
 5 Survey of Consumer Finances, 17 percent of all
 6 households have zero or negative net worth, while 30
 7 percent have net worth of less than \$10,000.

8 (3) According to the Federal Reserve’s 2004
 9 Survey of Consumer Finances, 11 percent of house-
 10 holds do not have a checking account and 9 percent
 11 do not have a transaction account of any kind.

12 (4) According to the Retirement Security
 13 Project, in 2004 more than half of all households
 14 had zero savings in an employer-based 401(k)-type
 15 plan or tax-preferred savings plan account.

16 (5) It is in the economic interests of the United
 17 States to promote savings among all members of so-
 18 ciety, regardless of income.

19 **SEC. 3. SAVER’S BONUS.**

20 (a) IN GENERAL.—The Secretary of the Treasury
 21 shall develop a program to match deposits made by quali-
 22 fying low-income individuals into designated savings prod-
 23 ucts.

24 (b) QUALIFYING LOW-INCOME INDIVIDUALS.—For
 25 purposes of this Act, the term “qualifying low-income indi-

vidual” means any individual determined by the Secretary of the Treasury to be eligible for the saver’s bonus under this Act.

(c) DESIGNATED SAVINGS PRODUCTS.—For purposes of this Act, the term “designated savings product” means any savings product, including—

(1) qualified retirement plans (as defined in section 4974(c)) of such Code,

(2) qualified tuition programs under section 529 of such Code,

(3) Coverdell education savings accounts under section 530 of such Code,

(4) United States savings bonds,

(5) certificates of deposits with durations of at least 6 months, and

(6) other types of savings products considered appropriate by the Secretary of the Treasury for the purposes of this Act.

(d) SAVER’S BONUS PROGRAM.—The program established under subsection (a) shall provide that—

(1) qualifying low-income individuals who direct their Federal income tax refund (in its entirety or a portion thereof) be deposited into any designated savings product shall be eligible for a dollar-for-dol-

1 lar match or saver’s bonus to be deposited directly
 2 in any designated savings product,

3 (2) qualifying low-income individuals who claim
 4 (when filing a Federal income tax return) to have
 5 deposited funds into any designated savings product
 6 during the course of the tax year shall be eligible for
 7 a saver’s bonus to be deposited directly into any des-
 8 ignated savings product, and

9 (3) the saver’s bonus—

10 (A) shall equal \$500 for qualifying low-in-
 11 come individuals who are eligible for the earned
 12 income credit under section 32 of such Code
 13 and shall be phased out (but not below zero) for
 14 such individuals whose earned income exceeds
 15 120 percent of the earned income threshold at
 16 which such eligibility ceases,

17 (B) shall be indexed for inflation every 5
 18 years, and

19 (C) shall be considered a refundable credit
 20 for purposes of the Internal Revenue Code of
 21 1986.

22 (e) CONFORMING AMENDMENT REGARDING FUND-
 23 ING OF SAVER’S BONUS.—Section 1324(b)(2) of title 31,
 24 United States Code, is amended by inserting “or enacted
 25 by the Saver’s Bonus Act of 2007,”.

1 (f) EFFECTIVE DATE.—The program under, and
2 amendment made by, this section shall be effective with
3 respect to Federal income tax returns for taxable years
4 beginning after December 31, 2008.

5 **SEC. 4. OPENING OF ACCOUNTS ON FEDERAL INCOME TAX**
6 **RETURNS TO FACILITATE SAVINGS.**

7 (a) NOTIFICATION OF OPTION.—

8 (1) IN GENERAL.—The Commissioner of Inter-
9 nal Revenue shall notify qualifying low-income indi-
10 viduals who qualify for a Federal income tax refund
11 but fail to provide an ACH direct deposit number on
12 their Federal income tax return that they have the
13 option of an electronic direct deposit and that they
14 may be eligible for the saver's bonus program under
15 section 3 if they deposit a refund or a portion of
16 their refund in any designated savings product.

17 (2) METHOD OF NOTIFICATION.—The notifica-
18 tion under paragraph (1) shall be made through—

19 (A) a public awareness program under-
20 taken by the Secretary of the Treasury, in con-
21 cert with the Commissioner of the Internal Rev-
22 enue and others as necessary, at least 6 months
23 before January 2009, and

1 (B) the inclusion of such a notice in the in-
2 struction material for any Federal income tax
3 return.

4 (b) ESTABLISHMENT OF DESIGNATED ACCOUNT
5 PROGRAM.—The Secretary of the Treasury shall develop,
6 in consultation with the Federal Management System, a
7 program to minimize the delivery of non-electronic Federal
8 income tax refunds by depositing refunds electronically to
9 an account held by a depository institution. This program
10 shall include—

11 (1) provisions for such tax refunds to be depos-
12 ited into a designated account,

13 (2) establishment of account parameters with
14 respect to minimum balance requirements and limi-
15 tations on overdrafts, overdraft fees, and other re-
16 quirements,

17 (3) establishment of means for the taxpayer to
18 access the account electronically or through a pay-
19 ment card, and

20 (4) provisions to allow taxpayers to open an ac-
21 count with their Federal income tax refunds through
22 financial service providers, so long such account is
23 held at a depository institution that is insured under
24 the Federal Deposit Insurance Act (12 U.S.C. 1811
25 et seq.).

1 (c) EFFECTIVE DATE.—The notification under sub-
 2 section (a) and the program under subsection (b) shall be
 3 effective with respect to Federal income tax returns for
 4 taxable years beginning after December 31, 2008.

5 **SEC. 5. PURCHASE OF SAVINGS BONDS ON FEDERAL IN-**
 6 **COME TAX RETURNS.**

7 (a) NOTIFICATION OF OPTION.—The Commissioner
 8 of Internal Revenue shall notify individual taxpayers that
 9 they have the option of purchasing United States savings
 10 bonds when they file their Federal income tax returns and
 11 that they may be eligible for the saver’s bonus program
 12 under section 3. Such notification shall be included in the
 13 instruction material for any Federal income tax return.

14 (b) ESTABLISHMENT OF SAVINGS BOND PURCHASE
 15 PROGRAM.—The Secretary of the Treasury shall develop,
 16 in consultation with a task force, a program for the pur-
 17 chase by individual taxpayers of United States savings
 18 bonds on their Federal income tax returns.

19 (c) EFFECTIVE DATE.—The notification under sub-
 20 section (a) and the program under subsection (b) shall be
 21 effective with respect to Federal income tax returns for
 22 taxable years beginning after December 31, 2008.

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